



**Framework for the Operation of the
NIRSAL Microfinance Bank *Window* of
the Nigeria Youth Investment Fund
(N-YIF)**

**(AN INITIATIVE OF
FEDERAL MINISTRY OF YOUTH AND SPORTS DEVELOPMENT)**

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1.0 Introduction

The **Nigerian Youth Employment Action Plan** was developed by the **Federal Ministry of Youth and Sports Development (FMYSD)** as a built-in strategy to respond effectively to the youth employment challenge in Nigeria. The major objectives of the plan are to address fragmentation of youth initiatives that prevent assessment of impact, and to provide Nigeria youth with investment inputs required to build successful businesses that can become sustainable employers of labor and contributors to Nigeria's development.

The plan targets young people between the ages of 18-35 years and details the needed actions required to support business establishment, expansion and consequent employment creation for youth in critical economic and social sectors.

The Federal Executive Council on the 22nd of July, 2020 approved the sum of N75,000,000,000.00 (seventy five billion naira) for the establishment of the Nigeria Youth Investment Fund for the period of 2020 – 2023 dedicated to investing in the innovative ideas, skills and talents of Nigerian Youth, and to institutionally provide our youth with a special window for accessing much needed funds, finances, business management skills and other inputs critical for sustainable enterprise development.

FMYSD is the lead implementation entity and is responsible for budgetary provisions and for funds mobilization.

2.0 Objectives of the Scheme

- 2.1 Improve access to finance for youth and youth-owned enterprises for national development;
- 2.2 Generate much-needed employment opportunities to curb youth restiveness.
- 2.3 Boost the managerial capacity of the youth and develop their potentials to become the future large corporate organizations.

3.0 Target

The NYIF aims to financially empower Nigeria youth to generate at least 500,000 jobs between 2020 and 2023.

4.0 Seed Capital

The NIRSAL MFB window shall be funded with an initial take-off seed capital of ₦12.5 billion.

4.1 Participating Financial Institution

The eligible participating financial institution for the Scheme is NIRSAL Microfinance Bank (NMFB).

5.0 Eligibility Criteria

5.1 Informal Business Enterprises (Individuals and Sole Proprietors)

A huge percentage of youth are engaged in the informal sector. Accordingly, the NYIF will facilitate the transition of informal enterprises owned by youth into the formal mainstream economy where they can be supported comprehensively, build a bankable track record; and be accurately captured as active participants in economic development. An eligible youth must fulfil the following conditions:

- (i) Be a youth within the age bracket of 18-35 years.
- (ii) Have business/enterprises domiciled and operational in Nigeria.
- (iii) Has not been convicted of any financial crime in the last 10 years.
- (v) Has a valid Bank Verification Number (BVN)
- (vi) Possess Local Government Indigene Certificate.

5.1 Formal Business Enterprises (Youth Owned Enterprises)

These are enterprises that are legal entities duly registered with the Corporate Affairs Commission (CAC).

Documents Required:

- (i) Evidence of registration with Corporate Affairs Commission (Certificate of Incorporation and Form CAC 2A);
- (ii) Business questionnaire;
- (iii) List of Directors with BVN nos.;
- (iv) Evidence of regulatory approvals (where applicable);
- (v) Tax Identification Number (TIN).

Cooperative societies duly registered with the relevant government authorities and members of Commodity Associations that fall within the eligible age bracket are also eligible to participate.

5.3 Ineligible Applicants

Applicants currently enjoying NMFB loans, including the Targeted Credit Facility (TCF) and Agribusiness/Small and Medium Enterprises Investment Scheme (AgSMEIS) loans that remain unpaid are NOT eligible to apply.

Beneficiaries of other government loan schemes that remain unpaid are also not eligible to participate.

5.4 Training

Applicants shall undergo a compulsory entrepreneurship training arranged or approved by the Federal Ministry of Youth and Sports Development.

5.5 Eligible Activities/Businesses

Legally allowed activities in the sectors or focal areas listed below shall be eligible:

- (i) Technology/ Innovation;
- (ii) Agriculture and related value chain;
- (iii) Green Economy and Renewable energy sector;
- (iv) Manufacturing,
- (v) Hospitality/Tourism;
- (vi) Construction;
- (vii) Logistics and supply chain;
- (viii) Healthcare value chain,
- (ix) Creative sector and
- (x) Trading and Services.
- (xi) Others as may be determined by NYIF/CBN from time to time.

However, preference shall be given to enterprises that will support the growth of priority sectors, specifically those identified by the Economic and Recovery Growth Plan ERGP and the Nigerian Youth Employment Action Plan.

6.0 Types of Facilities

6.1 Term Loan (for asset acquisition/improvement)

- (i) Individual (Unregistered business)
Shall be determined based on activity/nature of project subject to the maximum of ₦250,000
- (ii) Registered Businesses (Business name, Limited Liability, Cooperative, Commodity Association shall be determined by activity/nature of project subject to the maximum of ₦3.0 million (including working capital).

Note: Immovable assets acquired with the loan must be registered with the National Collateral Registry (NCR)

6.1.1 Tenor

Maximum of 5 years depending on the nature of the business and the assets acquired.

6.1.2 Moratorium

Moratorium of up to 1 year may be allowed depending on the nature of the business and the assets acquired.

5.0 Interest Rate

Interest rate under the intervention shall be at not more than 5% per annum (all inclusive).

6.0 Loan Application Procedure

6.1 Application Procedure

The MYSD will collaborate with relevant stakeholders to identify potential training for training/mentoring.

The youths that are duly screened (and undergo the mandatory training where applicable) shall be advised to log on to the portal provided by the NMFB to apply for the facility.

6.2 Processing/Approval

Upon satisfactory appraisal of application, NMFB shall apply for release of funds in respect of approved individuals/enterprises from the NYIF and CBN.

Note: NMFB shall to conduct credit checks on applicants and those with unsatisfactory credit reports will be rejected.

7.0 Collateral Requirement

The NMFB will leverage on the General Standing Instruction (GSI) as collateral. Corporate guarantees will be acceptable where applicable.

8.0 Principal Repayment

Repayment shall be made on instalment basis by the beneficiaries to the NMFB according to the nature of enterprise and the repayment schedule/work plan provided and agreed at the application processing stage.

11.0 Equitable Participation

To ensure equitable participation and even access to finance by the youth across the country, applications will be batched according to State and Local Government Areas (LGA) of applicants. The Bank promotes gender parity, therefore the female entrepreneurs are encouraged to apply.

12.0 Project Management Office (PMO)

The Project Management Office shall be established by the Federal Ministry of Youth and Sports Development which will work with NIRSAL MFB on applicant screening, project monitoring and reporting, among others.

13.0 Monitoring and Reporting

There shall be joint monitoring of projects financed under the Scheme by the NMFB and PMO on periodic basis. Each party is to be responsible for the expenses incurred by its staff on such assignments.

The Reports of the monitoring exercise shall be submitted to the CBN and the MYSD.

14.0 Responsibilities of Stakeholders

In order to achieve the desired objectives of the program, the responsibility of the stakeholders shall include:

15.0 The Central Bank of Nigeria

15.1 The CBN shall:

- i. Serve as member of the Steering Committee of the NYIF;
- ii. Articulate clear guidelines for the implementation of the NIRSAL window of the NYIF;
- iii. Provide the seed fund as determined by FEC;
- iv. Provide technical guide/assistance as may be required from time to time.

15.2 Federal Ministry of Youth and Sports Development (FMYSD)

The Federal Ministry of Youth and Sports Development shall:

- i. Serve as member of the Steering Committee of the NYIF;
- ii. coordinate the overall implementation, including sensitization, mobilization and monitoring of the programme;
- iii. establish the Project Management Office (PMO);
- iv. provide periodic progress report to the FEC.

15.3 Federal Ministry of Finance, Budget and National Planning (FMFBNP)

The FMFBNP shall:

- i. Ensure the release of budgeted funds for the program
- ii. Ensure the payment of interest rate differential to the CBN, where applicable.

- iii. Participate in the activities of the program as may be required from time to time

15.4 NIRSAL Microfinance Bank (NMFB)

The NMFB shall:

- i. Serve as the Managing Agent of the CBN contributions to the program;
- ii. Comply with the guidelines of the program;
- iii. Establish an online portal for loan administration of the CBN contribution and as may be decided by the FMYSD;
- iv. Collaborate with PMO in the implementation of the program
- v. Keep accurate records of all applicants in a format to be agreed with the PMO;
- vi. Prepare periodic reports to the CBN and FMYSD.

15.5 Beneficiaries

Beneficiaries shall:

- i. Ensure prudent utilisation of funds;
- ii. Keep up-to-date records of their activities under the Scheme;
- iii. Make their books, records and projects available for inspection by the NMFB and PMO when required;
- iv. Comply with guidelines of the Scheme; and
- v. Repay their loans as and when due.

For Enquiries, please contact:

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